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WASHINGTON, D.C. - U.S. Rep. Charlie Melancon (D -LA) today voted to approve legislation that would make the single largest investment in college financial aid since the 1944 GI Bill, helping millions of students and families pay for college - and doing so at no new cost to U.S. taxpayers.

The legislation, the College Cost Reduction Act of 2007 (H.R. 2669), which the House passed by a vote of 273-149, would boost college financial aid by about \$18 billion over the next five years. The legislation pays for itself by reducing excessive federal subsidies paid to lenders in the college loan industry by \$19 billion. It also includes nearly \$1 billion in funding to reduce the federal budget deficit. The Senate is expected to vote on similar legislation this month.

"A college education opens the door to greater opportunity for thousands of Louisianians every year, but too many of them graduate with crushing debt that hangs like a millstone around their necks," said Rep. Charlie Melancon. **"The College Cost Reduction Act of 2007 will help millions of students pay for college by increasing Pell Grant scholarships and lowering student loan interest rates, while also providing incentives for students who commit to teaching at high-need schools or go into public service professions."**

"Students in Louisiana stand to receive an estimated \$228,000,000 in additional financial aid over the next five years as a result of this historic legislation, and I am proud to support it. Students who work hard should be able to earn their college degrees without burying themselves in debt, and this bill will make the dream of higher education more attainable to thousands of Louisianians."

Under the legislation, the maximum value of the Pell Grant scholarship would increase by \$500 over the next five years. When combined with other Pell scholarship increases passed or proposed by Congress this year, the maximum Pell Grant would reach \$4,900 in 2008 and \$5,200 in 2011, up from \$4,050 in 2006, thus restoring the Pell's purchasing power. About 6 million low- and moderate-income students would benefit from this increase. In Louisiana, it is estimated 107,593 students could benefit from this increase in Pell Grants.

The legislation would cut interest rates in half on need-based student loans, reducing the cost of those loans for millions of student borrowers. Like legislation passed by the House earlier this year, the College Cost Reduction Act would cut interest rates from 6.8 percent to 3.4 percent in equal steps over the next five years. Once fully phased-in, this would save the typical student borrower - with \$13,800 in need-based student loan debt - \$4,400 over the life of the loan. About 6.8 million students take out need-based loans each year.

The legislation would also prevent student borrowers from facing unmanageable levels of federal student debt by guaranteeing that borrowers will never have to spend more than 15 percent of their yearly discretionary income on loan repayments and by allowing borrowers in economic hardship to have their loans forgiven after 20 years.

The College Cost Reduction Act includes a number of other provisions that would ease the financial burden imposed on students and families by the cost of college, including:

- **Tuition assistance for excellent undergraduate students who agree to teach in the nation's public schools.** Students who pursue careers as public school teachers would receive up-front tuition assistance of \$4,000 per year, to a maximum of \$16,000 - providing aid to at least 21,500 undergraduate and graduate students who commit to teaching a high-need subject in high-need schools for four years.
- **Loan forgiveness for college graduates that go into public service professions.** Public servants would receive loan forgiveness of \$5,000 - providing aid to at least 257,000 first responders, law enforcement officers, firefighters, nurses, public defenders, prosecutors, early childhood educators and others. The bill also provides complete loan forgiveness for public sector employees after 10 years of service.
- **Increased federal loan limits so that students won't have to rely as heavily on costlier private loans**
- **New tuition cost containment strategies; and**
- **Landmark investments in Historically Black Colleges and Universities, Hispanic Serving Institutions and minority serving institutions.**

President Franklin Roosevelt signed the GI Bill into law in 1944. The original law enabled 7.8 million veterans of World War II to participate in education or job training programs.

A broad coalition of student advocacy groups and labor organizations support the College Cost Reduction Act.

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